



## BUDGET & FINANCE COMMITTEE

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Friday, June 28, 2019 at 7:30 a.m.  
Memorandum

Members Present: Michael McDonald and Carl Mills. Others in Attendance: Legal Counsel Anne Poindexter, Utility Director Andrew Williams, Controller Cindy Sheeks, Engineering Manager Wes Merkle, Plant Superintendent Scot Watkins, Lab Coordinator Bob Roudebush, and Administrative Assistant Maggie Crediford.

Committee Chair Jane Merrill was absent.

### **PUBLIC COMMENT**

There was no one present from the public.

### **SCHAFFER POWDER COATING FINE**

Mr. Williams stated Schaffer Powder Coating is the only industrial user in TriCo's service area. IDEM required specific language in the Sewer Use Ordinance that states a minimum fine for discharge violations. Mr. Watkins stated the fine for the first occurrence can be no less than \$1,000, but no more than \$2,500. The fine for a second occurrence can be no more than \$7,500. In this case, Schaffer exceeded the levels of Zinc in their discharge. Since there is a range for the fine, the Board must decide on the amount.

Mr. Watkins stated Schaffer Powder Coating has been cooperative and is taking steps to mitigate the issue.

Mr. McDonald asked if this is a situation where it is cheaper for the customer to pay the fine than fix the problem. Mr. Watkins said the fines are assessed per day per occurrence and can add up quickly.

Mr. Roudebush said levels can be batch oriented and depend on what is being powder coated. Schaffer brought in a mass spectrometer to test their levels in hopes of mitigating the issues.

Mr. Williams asked Mr. Watkins and Mr. Roudebush to explain to the committee how zinc levels impact the plant. Mr. Watkins stated even with the elevated levels from Schaffer, the plant is still under 25%. Zinc ends up in the biosolids and if the zinc levels become too high the biosolids cannot be land applied and would need to be disposed of in a landfill, which would incur additional disposal costs. Mr. Roudebush stated the issue is that IDEM requires action when zinc levels are elevated.

Schaffer requested a 45-60-day extension to adequately investigate the situation before fines are assessed. Specifically, the requested extension would allow Schaffer to perform the following (but not limited to):

- Opportunity to obtain retains or additional information on the two (2) elevated sample results from Element Labs
- Opportunity to further evaluate all incoming waters from the City of Carmel
- Opportunity to split future samples with TriCo
- Opportunity to physically audit the Element Labs location in Fort Wayne, IN
- Opportunity to obtain and evaluate the Quality Manual of Element Labs
- Opportunity to obtain and evaluate the SOPs of Element Labs associated with Inductivity Coupled Plasma Emissions Spectroscopy 2007-6010 (13)
- Opportunity to evaluate sample/analytical results collected on June 26, 2019
- Opportunity to obtain and review TriCo sampling methodology
- Opportunity for SPC to conduct more in-house testing of the wastewater process
- Opportunity to make more general observations, conduct further investigations, and clearly identify the problem

Mrs. Poindexter suggested granting an extension contingent on results being sent to TriCo of the physical audit within 48 hours of obtaining the information.

Mr. McDonald made a motion to grant the extension requested contingent on Schafer Powder Coating, Inc. providing TriCo a copy of the results of the physical audit within 48 hours of receipt of the information. Mr. Mills seconded the motion. The motion was approved unanimously.

### **FINANCIAL STATEMENTS**

Ms. Sheeks stated the Utility is below projections for the year in commercial revenue, but those numbers should be coming back up. The Utility is above projections for the year in operating income. Cash balances are coming up. Ms. Sheeks is considering moving money so the Utility can optimize earned interest.

Mr. McDonald questioned the amount of money paid to Rook Securities for the month. Ms. Sheeks indicated it was a timing issue and two bills came in at the same time.

Mr. Mills said the Federal Reserve interest rates are projected to decrease. He suggested Ms. Sheeks investigate CD ladders if there is money available. Mr. Mills mentioned 18-month money market rates are good at this time as well.

Mr. McDonald asked about flows during the recent wet weather. Mr. Williams described collection system performance and an issue that arose at the plant. Mr. Merkle stated the splitter structure that divides flow sent between the clarifiers at the TriCo plant was not functioning properly and overloading one of the clarifiers. Mr. Merkle questioned the splitter's ability to handle the flow once it is doubled to reach the rated capacity of the plant. The issue will be addressed during the plant expansion project.

### **OFFICE IMPROVEMENTS UPDATE**

Mr. Merkle continued working with our broker to negotiate lease terms with Pennwood. They are offering a 7-year lease with two 5-year options to extend. The lease terms came in a little higher than expected. Pennwood is asking TriCo to pay for part of the tenant improvements. TriCo's broker feels that is unnecessary and could be negotiated.

Mr. Mills said the Office Improvement Committee met earlier in the week. The Committee recommends uniting all staff at the plant instead of leasing. The next step is to choose an architect to design and bid the office unification project. That Committee asked the C&C Committee to choose an architect, either Blackline or CSO, to move forward so quotes can be presented to the Board for consideration.

Mr. McDonald asked if relocating the office staff is out of concern for not having enough space in the current location. Mr. Williams explained he wants all employees at one location and to separate TriCo from the City of Carmel in the event consolidation between Carmel and Clay Township moves forward. The City of Carmel has expressed interest in the space currently occupied by the TriCo administrative staff. Mr. Callahan, the Clay Township Trustee, has offered to purchase TriCo's interest in the building. An appraisal came in at \$980,000 for the current space. TriCo will have an appraisal done as well and the two appraisals will be averaged to reach a sale price for the space.

Mr. Mills told Mr. McDonald interest rates are favorable over the next six months. He believes TriCo should consider financing the administrative office relocation and the plant expansion project at the same time.

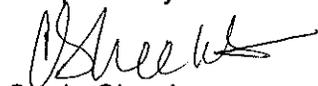
Mr. Williams explained the Office Improvement Committee had asked for a more detailed breakdown of the administrative office relocation. However, the project would consist of a building addition, a remodel of the existing office, and a conversion of garage bays. It would be very difficult to separate out costs as the construction would be intermingled.

#### **OTHER BUSINESS**

Mr. Merkle said property owners and developers north of 146<sup>th</sup> Street in Zionsville have shown interest in developing roughly 175 acres. Serving this area requires extension of the Little Eagle Creek Interceptor, which is estimated to cost \$1.5 million. A developer indicated they would be willing to pay more Interceptor Fees upfront to cover approximately 30 percent of TriCo's cost. Mr. Merkle and Mr. Hartman suggested 50 percent of the costs be paid upfront. The Board will need to consider a Sewer Service Agreement for the area, with money upfront from the developers to put toward extending sewers to that area and help pay for any condemnation proceedings that may need to occur.

The meeting adjourned at 8:45 a.m.

Respectfully submitted



Cindy Sheeks  
Controller